

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

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INVESTMENT OUTLOOK AND STATISTICAL ISSUE

Investment outlook: Cheaper money will help the strongest REITs first.....	1
Graph of Audit Investment Index.....	2
Computerized Comparative Trust Group averages.....	3
Dividend trends: November payments maintain uptrend with no cuts.....	3
Comparative Trust Statistics for 131 realty trust shares.....	4&5
Statistics for 33 warrants and 45 convertibles.....	6
Statistics for 35 straight bond issues of trusts.....	3
How to use Comparative Trust Statistics.....	6
Reviews of trusts for recovery: Flatley Realty Investors.....	7
Fraser Mortgage Investments.....	8

INVESTMENT OUTLOOK: CHEAPER MONEY WILL HELP THE STRONGEST REITS FIRST

Suddenly cheaper money is upon us and the market has responded in traditional style by boosting stock prices. Two major banks, Morgan Guaranty Trust of New York City and First National Bank of Chicago, have cut the prime rate to $6\frac{1}{4}\%$ and others likely will have followed by the time you read this; the banks had cut the prime another $\frac{1}{4}\%$ just a month ago. The Federal Reserve Board cut the discount rate--a base or wholesale rate at which the Fed lends to banks--by $\frac{1}{4}\%$ to $5\frac{1}{4}\%$ in a clear signal that the Fed believes the economy needs the very broad stimulus of cheaper money even before President-elect Carter and the new Congress set up shop to deal with a proposed tax cut.

All this is very good news for the strongest REITs, mainly the long-term mortgage lending trusts and equity trusts. The long-term mortgage trusts hold large amounts of fixed-rate permanent mortgages; when their borrowing costs decline, their spread and thus profits and dividends rise. Thus stalwarts like MONEY Mortgage Investors, Equitable Life Mtg. & Realty, and MassMutual Mortgage all hit new 1976 highs in the last few days. Stocks like these should remain strong while the scent of cheaper money is around; the rally now has carried both Equitable and MONEY above book value for the first time in years. The equity trusts stand to benefit in different ways: demand for retail and commercial space should expand, and those trusts like General Growth Properties which develop their own properties should find mortgage money

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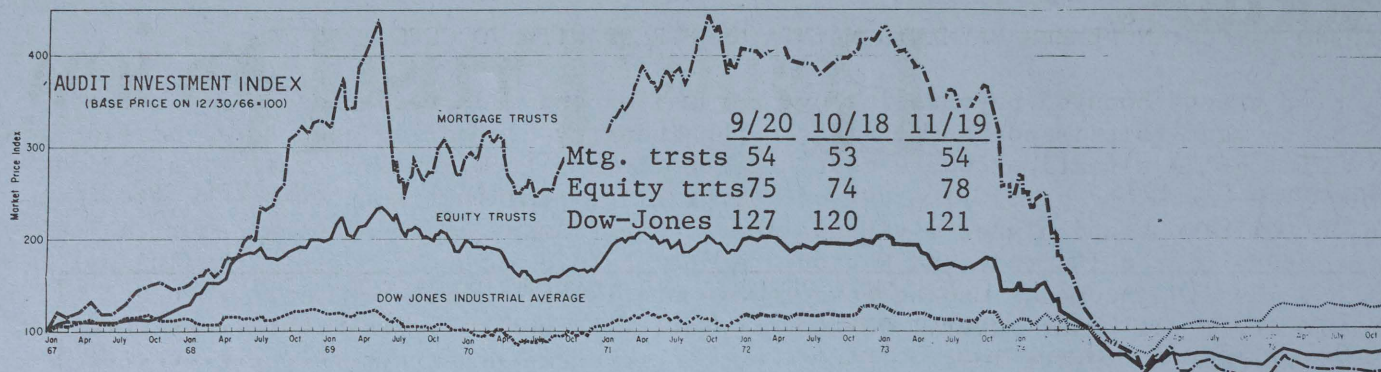
DISCLOSURE REPORTS ON PROBLEM PROPERTIES' Nov. 19 issue surveys holdings of BankAmerica Realty, Walter Realty Inv., Landall Corp. (formerly Prel Corp.), Indiana Mtg. & Rlty., and U.S. Bancorp Rlty. & Mtg. Single copies: \$9 prepaid

INDIVIDUAL EVALUATIONS OF YOUR REIT SECURITIES ARE AVAILABLE AT \$25 PER TRUST

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GROUP RATES ON REQUEST



more available at lower interest rates for new projects. Last week Continental Illinois Properties on the NYSE, and Washington REIT, Pennsylvania REIT, and Realty Income Trust on the ASE all touched yearly highs. Not far behind are recovery candidates like San Francisco Real Estate and United Realty, both at their yearly highs right now. Equally as heartening is strength in less well positioned recovery candidates like C.I. Realty (NYSE), which has large Manhattan office holdings, and Wells Fargo Mortgage (NYSE). Larger equity trusts like First Union RE and Hubbard (both NYSE) are at or near highs.

Recently some subscribers have suggested moving into the deeply troubled trusts -- and even the warrants of these trusts -- as a way of sharing the expected REIT recovery. Many are seeking the most speculative vehicles around in an attempt to recoup on past losses, and quickly. Dear friends, this is the way to lose more money, not get back even. REITs are unique securities: they never could retain earnings so the losses have come directly out of paid-in capital. This means REITs must look to new share offerings, ultimately, to raise new permanent equity capital, and this fundamental need makes REITs peculiarly vulnerable when share price falls below book value, or book value disappears. This is what has happened to the dozen or so trusts with negative net worth because provisions for losses have eliminated equity. Moreover, no trust (with the exception of Flatley Realty - reviewed this issue) has been able to recover any major share of its loss reserves and thus rebuild shareholders' equity. This means that in most instances recovery for these deeply troubled trusts will take a miracle -- and even if that miracle happens, the banks have a call on earnings for the next decade or so. This isn't a game investors should play. Our monthly tally of non-earning investments shows continued modest decline as invested assets fall slowly, largely result of swap of assets with banks to cancel debt. The tally:

Group	Number	---Invested assets---		%	Month %
		Non-earning	Total		
Short-term mortgage.....	59	\$7,210MM	\$9,771MM	74%	-1.0%
Inter. & long-term mtg....	28	1,717	4,149	41	+0.4
Equity & combination.....	44	970	3,544	27	+1.7
TOTALS/AVERAGES.....	131	\$9,897	\$17,464	57%	-0.5%

FOLLOW-UPS: TENDER OFFERS AND BONDHOLDER COMMITTEES

NJB Prime Investors purchased \$8.89 million of its two outstanding debenture issues at \$22 per \$100 principal amount, in a cash tender offer begun last April. The purchase amounts to 56% of \$15.9 million debt previously outstanding and leaves NJB with \$7.0 million in two public debt issues outstanding. Those issues are the 7% subordinated debentures due 1980, and the 6-3/4% convertible subordinated debentures due 1991. Both issues are in default of interest payments due last March 31 and May 1 respectively. NJB will report an extraordinary gain we estimate at about \$6.4 million on this latest swap. The trust simultaneously closed \$22.2 million

(continued on p. 7)

DIVIDEND TRENDS: NOVEMBER PAYMENTS MAINTAIN UPTREND WITH NO CUTS

Five trusts boosted payouts in November while none made reductions. The numbers look better but this is not surprising as the industry has boiled down to a cadre of good and medium grade situations where most are benefitting from improved real estate conditions. The hikes are gratifying but not surprising. Earnings for several trusts have been bottoming out and higher dividends inevitable. Among these were BankAmerica Realty which returned to a 10¢ rate and Nationwide Real Estate which increased from the prior quarter. Realty Income is making larger payments by paying out a capital gain and will maintain it for at least several quarters. Realty ReFund raised another 1¢ as interest costs continued averaging lower. Pacific-Southern increased from the prior quarter too but regularity will depend on future earnings. Even more encouraging was the number of trust dividends running above a year ago. Only two declarations were below last year giving concrete indication of bottoming dividends.

Our tally of declarations

	Up	Same	Down	Total	%Change
Nov.	5	6	0	11	+13%
Year	30	92	16	138	--
-----From previous year-----					
Nov.	6	3	2	11	+16%
Year	37	50	51	138	--

Trust	Record date	--Dividend/share--		--Net change--		Year Ago	% Change
		Latest	Previous	Amt.	Percent		
API Trust	11/8	\$0.10	\$0.10	\$ --	NC	\$0.25	-60
BankAmerica Realty	11/29	0.10	0.05	+0.05	+100	0.10	NC
Consol. Cap. Realty	11/17	0.1684M	0.1684	--	NC	0.1667	+1
Federal Realty	12/23	0.31	0.31	--	NC	0.28	+11
GREIT Realty	1/17	0.10	0.10	--	NC	0.10	NC
Nationwide RE	11/24	0.04	0.03	+0.01	+33	0.05	-20
New Plan Realty	11/15	0.075M	0.075	--	NC	0.07	+7
PNB Mtg. & Rlty.	11/1	0.10	0.10	--	NC	0.10	NC
Pacific-Southern Mtg.	12/6	0.16	0.15	+0.01	+7	0.05	+220
Property Capital	11/30	0.30	0.30	--	NC	0.29	+3
Realty Income	11/30	0.35	0.30	+0.05	+17	0.15	+133
Realty ReFund	11/30	0.54	0.53	+0.01	+2	0.50	+8
Washington REIT	12/6	0.44	0.44	--	NC	0.325	+35
TOTALS (11 Trusts)b		\$2.54	\$2.41	\$+0.13	+5%	\$2.195	+16%

b-Excludes monthly declarations. NC-No change. M-Monthly.

COMPARATIVE TRUST GROUP AVERAGES 11/22/76

GROUP	SHARE N (000)	BOOK VALLE	ANN DIV*	EARN ANN*	LAST PRICE	% CHNG MCN	FRON-- AGO	JAN 1	P/E RATIO	ANN* YIELD	% PR TC BK	RETURN CN BK	MARKET VALUE
EQUITY TRUSTS	20	2042	11.96	0.80	1.00	9.98	2.6	20.1	10.0	8.0	-16.6	8.4	505.1
EQUITY AND MORTGAGE COMEIN	21	1618	9.69	0.28	0.31	4.89	5.7	28.4	15.8	5.6	-49.5	3.2	151.8
SUBORDINATED LAND TRUSTS	3	2689	12.81	0.40	0.61	5.75	3.0	-9.8	9.4	7.0	-55.1	4.8	41.6
AVERAGE 3 EQUITY GROUPS	44	1884	10.93	0.52	0.64	7.26	3.6	20.5	11.3	7.2	-33.6	5.9	698.6
SHORT-TERM MTG-INDEPENDENT	16	3620	0.58	0.00	0.00	0.72	1.8	-13.6	144.9	0.0	24.1	0.9	23.6
SHORT-TERM MTG-MTG BANKER	17	2075	8.73	0.28	0.23	3.97	-0.3	3.6	17.0	7.2	-54.6	2.7	151.5
SHORT-TERM MTG-COMCL BANK	17	2314	3.69	0.03	0.09	1.93	-3.7	5.5	20.9	1.5	-47.8	2.5	83.8
SHORT-TERM-MISC FINCL	9	2791	6.82	0.02	0.02	1.94	0.6	-5.1	109.2	0.9	-71.5	0.3	40.2
AVERAGE 4 SHORT-TERM GROUPS	59	2672	4.78	0.09	0.10	2.19	-0.9	1.0	22.4	4.2	-54.1	2.1	299.1
INTERMEDIATE-TERM MORTGAGES	6	3395	3.98	0.36	0.36	3.69	4.1	36.1	10.2	9.8	-7.4	9.0	39.2
LONG-TERM MTG & EQUITIES	22	2925	12.37	0.45	0.42	6.27	3.0	19.9	15.0	7.2	-49.3	3.4	571.6
AVERAGE LONG & INTERMEDIATE	28	3025	10.58	0.43	0.41	5.72	3.2	21.9	14.1	7.6	-45.9	3.8	610.8
OVERALL AVERAGE	131	2483	8.08	0.31	0.35	4.65	2.5	16.1	13.4	6.7	-42.5	4.3	1608.5
DOW-JONES INDUSTRIAL AVERAGE						90.68	948.80	-0.1	+11.3	10.5	4.2	*Latest quarter annualized	

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Alison Mtg.-b	OCx	8.75%	'79	\$25.0	\$23.00	- 3%	38%
Atico Mtg.-c#	NY	6.75	'82	16.9	54.88	- 3	12
BT Mtg. Inv.-c	OC	5.75	'82	20.0	44.00	- 8	13
Barnett Mtg.-c#	OC	6.75	'91	17.3	11.00	- 21	61
Barnett Mtg.-cd	OC	8.50	'98	30.0	13.00	- 38	65
Barnett-Win.-ce	OC	8.25	'98	30.0	20.00	- 33	41
Cabot C&F Land-c	NY	8.50	'81	23.0	55.13	+ 19	15
Chase Man. Tr.-a	NY	7.88	'78	50.0	74.63	+ 2	11
Chase Man. Tr.-c	NY	7.50	'83	60.0	53.63	0	14
Cit.&So. Rlty.-c#	OC	6.75	'78	30.0	30.00	- 19	23
Cit. Mtg.Inv.-b	ASx	8.50	'80	20.0	15.00	- 6	57
Colwell Mtg.-b	NY	8.20	'80	25.0	34.00	- 24	24
Cont. Ill.Rl.-b	NY	7.63	'79	25.0	69.00	- 2	11
Cousins M&E-c	NY	6.50	'82	30.0	36.00	- 8	19
First Mtg.-a	OC	6.75	'82	12.6	25.00	- 11	27
First Mtg.-a	OC	8.25	'77	23.5	50.00	+ 6	17
First Virg.-b	OC	8-12f	'80	20.0	23.00	+ 15	35
Great Amer.Mtg.-b	OC	7.55	'79	25.0	8.00	0	100+
Great Amer.Mtg.-c	OC	8.75	'83	25.0	7.00	- 12	100+
Guardian Mtg.-b	NY	7.50	'79	25.0	36.00	- 14	21
Guardian Mtg.-c#	AS	6.75	'86	8.6	28.00	- 11	24
Gulf Mtg.&Rl.-c#	AS	7.70	'80	20.0	57.75	+ 3	13
IDS Realty-h	OC	--	--	179.8	25-40	0	NC

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Instl. Inv.-b	NY	7.88	'80	\$20.0	\$62.50	+ 1%	13%
Justice Mtg.-b	OC	7.75	'79	19.6	23.00	- 23	34
LMI Investors-c	NYx	6.75	'82	25.0	15.00	- 12	45
Midland Mtg.-b	NY	8.00	'80	18.5	62.00	+ 3	13
Mtg.Inv.Wash.-b	OC	8.50g	'80	15.0	50.00	+ 11	19
NJB Prime Inv.-c#	OC	7.00	'80	12.9	15.00	- 17	47
No.Amer. Mtg.-c	NY	5.50	'79	27.8	80.00	0	7
New Plan Rlty.-c	OC	8.50	'91	1.0	60.00	0	14
Saul (B.F.)-c	NY	8.50	'80	25.0	82.00	- 2	10
State Mut.Inv.-b	NYx	9.00	'80	25.0	45.00	0	20
Security Mtg.-#	AS	7.25	'82	50.0	72.00	+ 3	10
Security Mtg.-c#	OC	6.00	'82	17.1	56.00	+ 2	11
Tri-South Mtg.-b	NY	7.75	'80	25.0	40.25	- 3	19

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at \$39 till 9/1/78 when price may be adjusted. e-Convertible at \$31 till 12/1/78 when price will be adjusted. f-Variable at 1½% over monthly prime. g-Variable rate at 1½% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94. x-Suspended by exchange. #May be used at par to exercise warrants.

EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MCN	ANN*	LAST PRICE	-% CHNG MCN AGC	FRGM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET CN EK	MKT VA (MIL\$)	
EQUITY TRUSTS														
API TRUST #	O-API TS	1012	11.89	0.40	JUN	0.76	3.50X	-4.0	-30.0	4.6	11.4	-70.6	6.4	3.5
C I REALTY #	N-CIX	2609	16.65	0.00	AUG	0.40	3.75	15.4	36.4	9.4	0.0	-77.5	2.4	9.8
CITIZENS GR*	O-CITGS	811	10.76	0.00	APR	0.00	0.63	-16.0	-37.0	0.0	0.0	-94.1	0.0	0.5
CON ILL PRO#	N-CIE	4808	21.30	1.28	JUL	1.40	15.50	8.8	56.9	11.1	8.3	-27.2	6.6	74.5
CONSO CAP R#	O-CCPLS	1989	21.24	2.02	AUG	2.32	23.50X	2.9	-6.0	10.1	8.6	10.6	10.9	46.7
DENVER REI #	O-DENVS	1091	8.78	0.60	SEP	0.80	7.00	1.7	5.6	8.8	8.6	-20.3	9.1	7.6
FEDERAL RLTY	A-FRT	1276	9.74	1.24	SEP	0.72	12.75	-5.6	15.9	17.7	9.7	30.9	7.4	16.3
FIRST UNION#	N-FUR	3991	8.52	1.00	JUL	1.12	11.75	0.0	18.9	10.5	8.5	37.9	13.1	46.9
FLORIDA GLF#	O-FGLFS	975	15.86	1.28	JUL	1.28	11.25	2.3	18.4	8.8	11.4	-29.1	8.1	11.0
FST FIDELTY#	O-FFITS	866	10.74	0.00	MAY	0.00	2.63	0.0	5.2	0.0	0.0	-75.5	0.0	2.3
GENERAL GRO#	N-GGP	6202	6.52	1.40	SEP	1.52	19.38	-2.5	24.0	12.8	7.2	197.2	23.3	120.2
GOULD INVST#	A-GTR	1179	6.67	0.00	JUN	1.65	2.75	4.6	-8.3	1.7	0.0	-58.8	24.7	3.2
GREIT RLY#	A-GRT	998	10.98	0.40	JUL	1.16	5.75	4.5	24.2	5.0	7.0	-47.6	10.6	5.7
HUBBARD REI	N-HRE	4004	21.87	1.20	JUL	1.32	14.88	3.5	33.7	11.3	8.1	-32.0	6.0	59.6
NEW PLAN RL	O-NPLNS	1330	2.24	0.90	APR	0.88	8.50	-2.9	47.8	9.7	10.6	279.5	39.3	11.3
PENN REIT #	A-PEI	1516	11.74	1.15	AUG	1.56	12.63	5.2	29.5	8.1	9.1	7.6	13.3	19.1
REIT OF AMER	A-REI	1633	21.13	1.40	AUG	0.97	16.38	1.5	6.5	16.9	8.5	-22.5	4.6	26.7
SUMMIT PROP#	O-SMMS	1554	7.35	0.00	JUL	0.21	2.00	33.3	14.3	9.5	0.0	-72.8	2.9	3.1
WASH REIT #	A-WRE	1473	10.62	1.76	JUN	1.92	23.38	8.7	58.5	12.2	7.5	120.2	18.1	34.4
WISC REI FD#	O-WREIS	1514	4.58	0.00	JUN	0.00	1.63	0.0	30.4	0.0	0.0	-64.4	0.0	2.5
GROUP AVERAGE		2042	11.96	0.80		1.00	9.98	2.6	20.1	10.0	8.0	-16.6	8.4	505.1
EQUITY AND MORTGAGE COMBINATION TRUSTS														
AMER REALTY	A-ARB	2222	3.02	0.00	JUN	0.00	0.50	31.6	-55.8	0.0	0.0	-83.4	0.0	1.1
BANKAM RLTY	O-BRLTS	3547	14.66	0.40	CCT	0.84	8.25	32.0	37.5	9.8	4.8	-43.7	5.7	29.3
BRT RLTY TR	A-BRT	1400	5.80	0.00	AUG	0.00	0.63	-8.7	26.0	0.0	0.0	-89.1	0.0	0.9
FLATLEY RLTY	O-FLTLS	1000	6.50	0.00	JUN	0.77	1.75	16.7	75.0	2.3	0.0	-73.1	11.8	1.8
FRANKLIN RLY	A-FR	999	7.68	0.00	JUN	0.00	3.38	0.0	107.4	0.0	0.0	-56.0	0.0	3.4
HOTEL INVSTR	A-HOT	1545	18.12	1.40	AUG	1.01	13.25X	-1.1	19.0	13.1	10.6	-26.9	5.6	20.5
INDIANA M&R#	O-INDMS	1154	12.28	0.00	SEP	0.00	1.25	-44.4	-37.5	0.0	0.0	-89.8	0.0	1.4
INVESTOR RL#	A-IRT	1579	10.62	0.00	AUG	0.04	3.13	8.7	-24.2	78.2	0.0	-70.5	0.4	4.9
JMB REALTY#	O-JMBRS	510	18.16	1.60	MAY	1.44	13.25	8.2	32.5	9.2	12.1	-27.0	7.9	6.8
LINCOLN MTG*	O-LNMGS	1155	1.89	0.00	JUN	0.22	0.25	-19.4	0.0	1.1	0.0	-86.8	11.6	0.3
MILLER HEN S	O-HSMTS	560	16.78	0.00	AUG	0.05	6.75	3.8	42.1	135.0	0.0	-59.8	0.3	3.8
NJB PRIME	O-NJB	1280	-7.41	0.00	AUG	0.00	0.13	0.0	0.0	0.0	0.0	NEG.	0.0	0.2
PLAZA REALTY	O-PNE	1114	4.27	0.00	JUN	0.00	0.88	76.0	-22.1	0.0	0.0	-79.4	0.0	1.0
RIVIERE RLY#	O-RIVIE	783	8.13	1.00	JUN	1.12	8.50	1.4	0.0	7.6	11.8	4.6	13.8	6.7
RLTY INCOME	A-RI	1565	11.55	1.40	JUL	0.04	11.38	12.3	97.9	284.5	12.3	-1.5	0.3	17.8
SAN FRAN RE#	A-SFI	1348	19.95	0.00	SEP	0.34	9.13	21.7	170.1	26.9	0.0	-54.2	1.7	12.3
SAUL (BF)REI	N-BFS	5658	7.88	0.00	JUN	0.00	3.13	0.0	-7.4	0.0	0.0	-60.3	0.0	17.7
US BANKCORP #	A-UBT	840	16.76	0.00	AUG	0.00	6.25	-2.0	8.7	0.0	0.0	-62.7	0.0	5.3
US REALTY #	N-UTY	3434	4.57	0.00	SEP	0.00	1.75	0.0	-12.5	0.0	0.0	-61.7	0.0	6.0
VIRGINIA RE#	O-VARES	1251	9.91	0.00	JUN	0.64	6.00	4.3	71.4	9.4	0.0	-39.5	6.5	7.5
WALTER RLTY#	O-WALJS	1035	12.28	0.00	CCT	0.00	3.25	-13.3	-18.8	0.0	0.0	-73.5	0.0	3.4
GROUP AVERAGE		1618	9.69	0.28		0.31	4.89	5.7	28.4	15.8	5.6	-49.5	3.2	151.8
SUBORDINATED LAND TRUSTS														
CABOT LAND	N-CFT	2992	7.20	0.00	AUG	0.00	2.50	42.9	0.0	0.0	0.0	-65.3	0.0	7.5
ICM REALTY	A-ICM	3011	17.57	0.00	AUG	0.64	3.88	-13.8	-53.7	6.1	0.0	-77.9	3.6	11.7
PROPERTY CAP	A-PCL	2065	13.67	1.20	CCT	1.20	10.88	3.6	31.9	9.1	11.0	-20.4	8.8	22.5
GROUP AVERAGE		2689	12.81	0.40		0.61	5.75	3.0	-9.8	9.4	7.0	-55.1	4.8	41.6
SHORT-TERM MTG-MTG BANKER														
ATICO MTG IN	N-ACO	2706	7.66	0.00	JUL	0.13	1.75	-6.9	16.7	13.5	0.0	-77.2	1.7	4.7
BAIRD & WARNR	O-BAIDS	1043	17.50	0.96	JUL	0.00	6.63X	-5.2	12.8	0.0	14.5	-62.1	0.0	6.9
BARNES MTG	O-BARNS	1910	14.29	0.00	JUN	0.00	1.13	-30.7	-49.8	0.0	0.0	-92.1	0.0	2.2
CENTRAL MTG	O-CMRTS	775	13.71	0.00	SEP	0.00	2.00	-16.0	-36.1	0.0	0.0	-85.4	0.0	1.5
COLWELL MTG	N-CLM	2030	3.04	0.00	SEP	0.00	1.25	0.0	-28.6	0.0	0.0	-58.9	0.0	2.5
FIRST CONTAL	O-FCRES	2106	10.26	0.80	AUG	0.80	7.50	3.4	50.0	9.4	10.7	-26.9	7.8	15.8
FRASER MTG I	O-FRASS	1038	16.41	1.00	AUG	1.00	8.50	3.0	3.0	8.5	11.8	-48.2	6.1	8.8
GUARDIAN MI	N-GMI	3000	-11.91	0.00	AUG	0.00	1.25	10.6	-23.3	0.0	0.0	NEG.	0.0	3.8
HEITMAN MTG	A-HTM	3292	3.76	0.00	SEP	0.16	1.25	10.6	25.0	7.8	0.0	-66.8	4.3	4.1
JUSTICE MTG	N-JMI	1184	3.94	0.00	JUN	0.00	1.75	-6.9	7.4	0.0	0.0	-55.6	0.0	2.1
KMC MTG IN	O-KMTGS	1100	4.55	0.00	MAY	0.00	0.13	-65.8	-82.7	0.0	0.0	-97.1	0.0	0.1
LOMAS & NTLN	N-LOM	3700	31.61	0.84	SEP	0.84	13.63	1.9	-6.8	16.2	6.2	-56.9	2.7	50.4
M&T MTG INV	O-MTMS	1482	10.24	1.04	AUG	1.00	8.63	3.0	35.3	8.6	12.1	-15.7	9.8	12.8
MIDLAND MTG	N-MMT	2382	1.92	0.00	SEP	0.00	1.25	-16.7	-9.4	0.0	0.0	-34.9	0.0	3.0
NO AMER MTG	A-NAM	4403	12.58	0.20	SEP	0.00	4.00X	29.4	-27.3	0.0	5.0	-68.2	0.0	17.6
SUTRO MTG IN	N-SUT	2322	14.98	0.00	SEP	0.04	6.38	-3.8	54.5	159.5	0.0	-57.4	0.3	14.8
TMC MTG INV	O-TMG	800	-6.13	0.00	JUN	0.00	0.38	-24.0	52.0	0.0	0.0	NEG.	0.0	0.3
GROUP AVERAGE		2075	8.73	0.28		0.23	3.97	-0.3	3.6	17.0	7.2	-54.6	2.7	151.5

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION.
ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MCN	ANN*	LAST PRICE	-% CHNG MCN AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO EK	RET CN EK	MKT VA (MIL\$)
SHORT-TERM MTG-INDEPENDENT														
BUILDERS INV	O-BULCS	2929	-0.39	0.00	JUN	0.00	0.25	0.0	0.0	0.0	0.0	NEG.	0.0	0.7
CAPITAL MI	N-CMU	1675	1.89	0.00	SEP	0.00	0.94	-16.8	-6.0	0.0	0.0	-50.3	0.0	1.6
WJ CONTNL MTG	O-CMI	20838	-4.34	0.00	JUN	0.00	0.05	0.0	-83.3	0.0	0.0	NEG.	0.0	1.0
DOMINION M&R	O-DMRTS	639	0.79	0.00	FEB	0.00	0.13	0.0	-65.8	0.0	0.0	-83.5	0.0	0.1
WJ FIDELITY MI	O-FID	3046	-17.46	0.00	JUL	0.08	0.08	-42.9	166.7	1.0	0.0	NEG.	-0.5	0.2
FIRST MTG IN	O-FMTGS	8495	-6.90	0.00	JUL	0.00	0.25	92.3	0.0	0.0	0.0	NEG.	0.0	2.1
GRT AMER MI	O-GAA	4456	-11.78	0.00	JUL	0.00	0.25	0.0	0.0	0.0	0.0	NEG.	0.0	1.1
HAMILTON INV	O-HAMTS	2095	6.25	0.00	SEP	0.00	0.88	0.0	0.0	0.0	0.0	-85.9	0.0	1.8
MISSION INV	A-MIT	1812	5.58	0.00	AUG	0.00	1.38	10.4	84.0	0.0	0.0	-75.3	0.0	2.5
MTG INV WASH	O-MINVS	2146	7.56	0.00	JUN	0.00	1.75	-17.8	-56.3	0.0	0.0	-76.9	0.0	3.8
WJ NATIONAL MTG	O-NMF	2353	0.10	0.00	AUG	0.00	0.13	-13.3	116.7	0.0	0.0	30.0	0.0	0.3
REPUBLIC MI	N-RMI	2107	6.24	0.00	SEP	0.00	1.13	-9.6	0.0	0.0	0.0	-81.9	0.0	2.4
TEXAS 1ST MT	O-TFMRS	1055	7.04	0.00	SEP	0.00	1.50	70.5	50.0	0.0	0.0	-78.7	0.0	1.6
TIERCO	O-GSR	1161	3.81	0.00	SEP	0.00	0.31	-18.4	-38.0	0.0	0.0	-91.9	0.0	0.4
UMET TRUST	N-UAT	2109	4.16	0.00	AUG	0.00	1.25	0.0	-16.7	0.0	0.0	-70.0	0.0	2.6
WESTERN MI	O-WMTGS	1002	6.79	0.00	AUG	0.00	1.31	15.9	15.9	0.0	0.0	-80.7	0.0	1.3
GROUP AVERAGE		3620	0.58	0.00		0.00	0.72	1.8	-13.6	144.9	0.0	24.1	0.9	23.6
SHORT-TERM MTG-COMCL BANK														
AMER FLETCHER	A-AFM	1352	4.81	0.00	OCT	0.00	1.13	13.0	-46.9	0.0	0.0	-76.5	0.0	1.5
BARNETT MTG	O-BMT	2174	-2.92	0.00	SEP	0.00	0.25	0.0	92.3	0.0	0.0	NEG.	0.0	0.5
CAMERON-BRW	N-CE	2016	10.79	0.00	SEP	0.00	1.25	-23.3	0.0	0.0	0.0	-88.4	0.0	2.5
CHASE MAN MT	N-CMR	4886	-13.37	0.00	AUG	0.85	2.25	5.6	-25.0	2.6	0.0	NEG.	-6.4	11.0
CITINATL DEV	O-CITIG	600	13.31	0.00	JUN	0.20	3.75	-6.3	186.3	18.8	0.0	-71.8	1.5	2.3
CITIZENS MI	O-CZM	1421	-11.32	0.00	SEP	0.00	0.13	0.0	-89.6	0.0	0.0	NEG.	0.0	0.2
CITZNS&SO RL	N-CZS	3829	0.67	0.00	JUN	0.00	1.38	-15.3	-21.1	0.0	0.0	106.0	0.0	5.3
CONT ILL RLY	N-CIR	2797	0.74	0.00	SEP	0.00	1.38	0.0	-8.0	0.0	0.0	86.5	0.0	3.9
FST COMMERCE	O-FCRKS	1008	15.18	0.00	JUN	0.00	4.50	0.0	12.5	0.0	0.0	-70.4	0.0	4.5
FST DENVR MI	O-FDENS	1621	-3.88	0.00	JUN	0.00	0.25	-50.0	-81.9	0.0	0.0	NEG.	0.0	0.4
FST PENN MT	N-FPM	2961	8.43	0.00	JUL	0.00	1.63	0.0	-23.5	0.0	0.0	-80.7	0.0	4.8
FST WISCN MT	O-FWM	1910	5.23	0.00	SEP	0.00	0.75	0.0	19.0	0.0	0.0	-85.7	0.0	1.4
INDEPEND MTG	O-IMTGS	2500	-3.89	0.00	JUN	0.00	0.25	0.0	-50.0	0.0	0.0	NEG.	0.0	0.6
MARYLAND RLY	O-MDRTS	760	7.89	0.00	AUG	0.08	1.88	-11.7	36.2	23.5	0.0	-76.2	1.0	1.4
TRI-SOUTH MI	N-TSI	2260	2.26	0.00	SEP	0.00	1.13	0.0	126.0	0.0	0.0	-50.0	0.0	2.6
WACHOVIA RLY	N-WRI	3335	11.60	0.00	AUG	0.00	3.00	0.0	9.1	0.0	0.0	-74.1	0.0	10.0
WELLS FAR MI	N-WFM	3911	17.25	0.48	SEP	0.44	7.88X	-1.6	43.3	17.9	6.1	-54.3	2.6	30.8
GROUP AVERAGE		2314	3.69	0.03		0.09	1.93	-3.7	5.5	20.9	1.5	-47.8	2.5	83.8
SHORT-TERM-MISC FINCL														
AMER CENTURY	N-ACT	2607	6.14	0.00	SEP	0.00	1.38	-15.3	22.1	0.0	0.0	-77.5	0.0	3.6
BENEF STD MI	N-BSM	1355	3.44	0.00	JUL	0.00	1.50	8.7	-25.0	0.0	0.0	-56.4	0.0	2.0
CI MTG GROUP	N-CI	4812	0.49	0.00	JUL	0.00	0.94	49.2	-6.0	0.0	0.0	91.8	0.0	4.5
HANOVER SQ R	A-HSQ	946	11.32	0.00	MAY	0.00	3.38	-9.9	17.4	0.0	0.0	-70.1	0.0	3.2
IDS RLY TR	N-IDR	2409	-4.02	0.00	JUL	0.00	1.63	0.0	-45.7	0.0	0.0	NEG.	0.0	3.9
INSTITUTAL	N-INV	6074	7.53	0.00	JUL	0.00	1.13	0.0	-18.1	0.0	0.0	-85.0	0.0	6.9
LMI INVSTORS	O-LWN	2009	-0.77	0.00	SEP	0.00	0.13	-48.0	-85.2	0.0	0.0	NEG.	0.0	0.3
MTG TRUST AM	N-MT	3860	12.49	0.00	AUG	0.00	2.88	-4.0	0.0	0.0	0.0	-76.9	0.0	11.1
NATIONWID RE	O-NRELS	1047	24.76	0.16	SEP	0.16	4.50X	13.5	38.5	28.1	3.6	-81.8	0.6	4.7
GROUP AVERAGE		2791	6.82	0.02		0.02	1.94	0.6	-5.1	109.2	0.9	-71.5	0.3	40.2
INTERMEDIATE-TERM MORTGAGES														
ALISON MTG I	O-AMV	2339	-14.64	0.00	JUL	0.00	0.19	46.2	-69.8	0.0	0.0	NEG.	0.0	0.4
BARNET-WINST	O-BWITS	1663	2.34	0.00	JUN	0.00	0.25	-34.2	-71.6	0.0	0.0	-89.3	0.0	0.4
DIVERSIFD MI	N-DMG	7327	8.26	0.00	SEP	0.00	0.88	0.0	-22.1	0.0	0.0	-89.3	0.0	6.4
FST VIRGINIA	O-FVM	1208	3.05	0.00	JUN	0.00	0.44	-12.0	-30.2	0.0	0.0	-85.6	0.0	0.5
RLTY REFUND	A-RRF	1045	18.44	2.16	OCT	2.16	18.63	5.0	52.1	8.6	11.6	1.0	11.7	19.5
SECURITY MT	A-SMO	6787	6.46	0.00	JUN	0.00	1.75	7.4	133.3	0.0	0.0	-72.9	0.0	11.9
GROUP AVERAGE		3395	3.98	0.36		0.36	3.69	4.1	36.1	10.2	9.8	-7.4	9.0	39.2
LONG-TERM MTG & EQUITIES														
ATLANTA NATL	O-ATNAS	1260	10.97	0.00	JUL	0.00	1.13	-5.0	-9.6	0.0	0.0	-89.7	0.0	1.4
BT MTG INVR	N-BTM	2116	0.12	0.00	JUN	0.00	1.38	-15.3	-35.2	0.0	0.0	1050.0	0.0	2.9
CLEVELTRST RL	O-CTRIS	2525	10.88	0.00	JUN	0.00	2.25	5.6	28.6	0.0	0.0	-79.3	0.0	5.7
CON GEN M&R#	N-CGM	5715	19.41	1.60	JUN	1.56	17.75X	1.5	30.2	11.4	9.0	-8.6	8.0	101.4
COUSINS M&EQ	N-CUZ	3854	1.51	0.00	AUG	0.00	1.25	-9.4	0.0	0.0	0.0	-17.2	0.0	4.8
EQUIT LF MTG	N-EQ	5597	23.62	2.00	JUL	2.04	23.75	6.1	33.8	11.6	8.4	0.6	8.6	132.9
FIDELCO GROW	A-FGI	1580	14.79	0.00	AUG	0.00	1.75	16.7	-56.3	0.0	0.0	-88.2	0.0	2.8
FST MEMPHIS	O-FMEMS	1156	7.26	0.00	AUG	0.00	1.50	0.0	-20.2	0.0	0.0	-79.3	0.0	1.7
GULF MTG&RLY	N-GMR	2210	6.40	0.00	AUG	0.00	1.50	8.7	8.7	0.0	0.0	-76.6	0.0	3.3
HNC MTG&RLY	O-HACMS	2388	4.77	0.00	JUL	0.00	0.63	0.0	-44.2	0.0	0.0	-86.8	0.0	1.5
HOSPITAL MTG	A-HMG	1178	22.84	0.60	AUG	0.60	5.50	0.0	-4.3	9.2	10.9	-75.9	2.6	6.5
MASSMUT MTG	N-MML	4670	19.38	1.08	JUL	1.08	13.25	9.2	32.5	12.3	8.2	-31.6	5.6	61.9
MONY MTG INV	N-MYM	8825	10.03	0.92	AUG	0.80	11.25	5.8	52.4	14.1	8.2	12.2	8.0	99.3
MTG GROWTH I	A-MTG	2652	10.99	0.48	AUG	0.34	5.00	0.0	33.3	14.7	9.6	-54.5	3.1	13.3
NOWSTRN FINC	O-NFINS	1510	14.75	0.00	JUN	0.00	2.38	-4.8	-9.5	0.0	0.0	-83.9	0.0	3.6
NOWSTRN MUTL	N-NML	4758	19.09	1.00	SEP	0.76	11.88	4.4	17.3	15.6	8.4	-37.8	4.0	56.5
OLD STONE M#	O-OSMRS	813	9.56	0.00	SEP	0.00	6.13	4.3	53.2	0.0	0.0	-35.9	0.0	5.0
PACIFIC STHN	O-PSMTS	814	11.67	0.31	MAR	0.00	5.50	4.8	41.8	0.0	5.6	-52.9	0.0	4.5
PNB MTG& RL#	N-PNI	2437	18.46	0.40	JUN	0.68	7.00X	-2.1	14.2	10.3	5.7	-62.1	3.7	17.1
RAM PACIFIC	O-RPACS	1890	18.00	0.96	AUG	0.72	8.88	-1.3	14.6	12.3	10.8	-50.7	4.0	16.8
STATE MUTUAL	N-SMU	2786	0.13	0.00	SEP	0.00	1.25	-16.7	-28.6	0.0	0.0	861.5	0.0	3.5
UNITED RLY	A-URT	3610	17.57	0.64	AUG	0.64	7.00	3.7	21.7	10.9	9.1	-60.2	3.6	25.3
GROUP AVERAGE		2925	12.37	0.45		0.42	6.27	3.0	19.9	15.0	7.2	-49.3	3.4	571.6

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "*". Cash flow derived from amortization of debt discount is denoted by "@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS, and in the quarterly REIT PERFORMANCE RECORD issue.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. **Equity and combination** groups include **Equity** trusts with over 80% of invested assets in direct ownership of completed income producing properties; **Equity & Mortgage combination** which balance investments between equity ownership and mortgages; and **Subordinated Land trusts**, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: **Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.**

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and **long-term** for those with loans maturing in over 10 years, and generally with some equity investments.

CONVERTIBLE DEBENTURES

DEBENTURE	EX MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
ALISON MTG	OC '91	6.75	27.50	25.50	26.5	27.5
AMER CENTURY	AS '90	7.00	21.00	55.25	12.7	6.8
AMER CENTY*B	NY '91	6.75	28.00	54.00	12.5	6.7
AMER REALTY	OC '84	7.00	10.40	28.00	25.0	21.7
BAIRD&WARNER	OC '91	6.75	21.00	63.00	10.7	3.3
BANKAMERICA	OC '90	6.75	21.00	72.00	9.4	-1.4
BENEF STD MI	AS '91	6.50	27.75	42.00	15.5	-16.0
CAPITAL MTG	OC '91	6.50	33.00	35.00	18.6	20.7
CHASE MANHVN	NY '96	6.50	55.00	41.50	15.7	2.5
COLWELL MTG	OC '91	6.50	29.38	30.00	21.7	7.1
CONN GENERAL	NY '96	6.00	32.50	72.50	8.3	2.1
CONNTL MTG	OC '90	6.25	19.79	2.50	WT	-28.6
EQUITBL LF M	NY '90	6.75	26.25	86.13	7.8	5.0
FIDELITY MI	OC '85	7.75	21.25	7.75	WT	-3.1
FIRST PENN M	OC '91	6.75	26.00	44.00	15.3	-6.4
FIRST UNION	NY '91	7.00	13.00	88.00	8.0	0.0
FRANKLIN RLY	AS '89	7.00	10.00	69.00	10.1	3.6
GRT AMER MI	OC '91	7.00	35.50	6.00	116.6	100.0
HANCVER SO R	AS '92	7.25	21.00	64.75	11.2	2.8
HEITMAN MTG	AS '92	7.50	14.70	56.00	13.4	5.7
HNC MTG	OC '91	6.75	21.00	42.00	16.1	-2.3
HOTEL INVSTR	OC '90	7.75	21.00	70.00	11.1	-6.7
HOTEL INVTRS	OC '91	7.50	25.25	68.00	11.0	-6.8
LINCOLN MTG	OC '90	8.00	11.00	40.00	20.0	-2.4
MASSMUTL MTG	NY '90	6.75	21.00	78.63	8.6	0.8
MASSMUTUAL M	NY '91	6.25	33.50	75.00	8.3	-1.5
MIDLAND MTG	OC '86	7.00	16.67	41.00	17.1	2.5
MONY MTGIN	NY '90	7.00	11.00	99.50	7.0	4.5
MTG INV WASH	OC '90	8.00	15.00	50.00	16.0	11.1
NATIONAL MTG	OC '91	7.00	12.00	6.00	WT	-14.3
NATIONWID RE	OC '91	7.00	28.50	56.50	12.4	0.0
NJB PRIME	OC '91	6.75	21.00	12.00	56.3	-20.0
NOWSTRN MUTL	NY '91	6.00	21.00	74.75	8.0	0.8
OLD STONE MT	OC '87	6.88	15.00	67.00	10.3	1.5
RAM PACIFIC	OC '91	6.75	21.00	67.00	10.1	-0.7
REALTY INCOM	AS '91	8.00	18.00	83.13	9.6	1.8
REPUBLIC MI	NY '90	9.00	19.00	79.00	11.4	3.9
SAUL (BF) RL	OC '91	6.50	23.00	54.25	12.0	-3.6
SAUL (BF) REI	OC '90	8.00	15.50	63.00	12.7	-1.6
STATE MUTUAL	AS '91	6.75	21.00	40.00	16.9	0.0
SUTRO MIT	NY '82	6.75	20.00	78.63	8.6	-0.5
SUTRO MTG	AS '91	6.75	20.00	66.00	10.2	0.0
TRI-SOUTH MI	NY '92	7.00	29.50	30.00	23.3	-15.5
US BANCORP	AS '92	7.00	26.25	70.00	10.0	2.0
US REALTY IN	NY '89	5.75	20.20	50.00	11.5	0.7

VJ-IN BANKRUPTCY REORGANIZATION

WARRANTS

NAME	EXCH/ SYMBO	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MILL\$)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.06	1.38	1571.0	0.0	0.1
ATICO MTG IN	A-ACCW	12/79	563	15.00	1.0	0.31	1.75	774.9	-29.5	0.2
BARNES MTG	C-BARNW	12/77	1910	20.00	1.0	0.13	1.13	1681.4	0.0	0.2
BARNETT-WINST	O-BWITW	7/77	1657	20.00	1.0	0.03	0.25	7912.0	0.0	0.0
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.25	1.50	1250.0	31.6	0.1
BRT RLTY TR	A-BRTW	11/77	1400	10.00	1.0	0.03	0.63	1492.1	-50.0	0.0
CAPITAL MTG	O-CMCRW	11/79	471	20.00	1.0	0.01	0.94	2028.7	0.0	0.0
CENTRAL MTG	O-CMRTW	3/77	775	20.00	1.0	0.13	2.00	506.5	0.0	0.1
COLWELL MTG	A-CLMW	12/77	225	20.00	1.0	0.06	1.25	1504.8	-53.8	0.0
DENVER REIT	O-DENV5	5/77	177	11.00	1.0	0.13	7.00	59.0	0.0	0.0
FEDERAL RLTY	C-FDRLW	12/76	98	10.00	1.0	3.00	12.75	2.0	-17.4	0.3
FIR MEMPHIS	C-FMEMW	2/78	1124	20.00	1.0	0.03	1.50	1235.3	0.0	0.0
FIRST UNION	O-FUREW	12/77	600	12.75	1.0	0.38	11.75	11.7	-32.1	0.2
GUARDIAN M*	A-GMIW	7/79	241	36.00	1.0	0.06	1.25	2784.8	-53.8	0.0
GULF MTG&RL*	A-GMRW	3/77	2210	20.00	1.0	0.03	1.50	1235.3	0.0	0.1
HOSPITAL MTG	A-HMGW	2/77	1178	25.00	1.0	0.06	5.50	355.6	0.0	0.1
JMB REALTY	O-JMBRW	8/77	510	20.00	1.0	0.25	13.25	52.8	0.0	0.1
M&T MTG INV	O-MTMIZ	8/80	747	13.00	1.0	0.25	8.63	53.5	-34.2	0.2
MISSION INV	A-MITW	3/77	604	16.50	1.0	0.03	1.38	1097.8	0.0	0.0
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.06	1.75	760.6	0.0	0.1
NATIONWID RE	C-NRELW	1/81	652	32.00	1.0	0.13	4.50	614.0	0.0	0.1
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.25	4.00	684.5	0.0	0.2
NOWSTRN FINC	O-NFINW	11/77	1510	18.06	1.1	0.03	2.38	660.0	0.0	0.0
PLAZA REALTY	O-PNEW	11/77	1113	18.50	1.0	0.13	0.88	2017.0	116.7	0.1
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.13	7.00	187.6	0.0	0.2
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.13	1681.4	0.0	0.1
RLTY REFUND	O-RREFW	6/77	1013	20.00	1.0	0.50	18.63	10.0	-20.6	0.5
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.50	9.12	179.3	31.6	0.7
SECURITY MT*	A-SMCW	5/79	3117	16.00	1.0	0.13	1.75	821.7	-31.6	0.4
SUTRO MIT(B)	A-SUTW	6/77	700	20.00	1.0	0.56	6.38	222.3	0.0	0.4
SUTRO MTG IN	O-SUTRS	4/77	299	20.00	1.0	0.05	6.38	214.3	-16.7	0.0
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.19	7.00	188.4	46.2	0.7
WELLS FARGO	O-WELLW	7/77	3458	20.00	0.5	0.13	7.88	157.1	0.0	0.4

*DEBENTURES USABLE IN LIEU OF CASH.

asset swaps with four banks, reducing outstanding bank debt to about \$37.1 million. The trust says it doubts that remaining bank lenders will provide funds for either past or future interest on the remaining subordinated debt.

Alison Mortgage Investment Trust has received tenders of \$16,701,000 principal amount of its 8-3/4% senior subordinated notes under a cash tender offer to pay \$300 for each \$1,000 principal amount. The amount barely exceeds the \$16,667,000 principal the trust had sought to implement its bank loan agreement. The trust has extended the offer until Nov. 30, its final deadline; the offer began in September. However the trust said it hadn't received the needed two-thirds approval of four companion proposals, including one eliminating a provision to let the trust pledge some assets to secure bank loans of \$155 million. The trust can pledge up to \$20 million assets without the consent, and it's been told that some senior lenders may permit partial pledges of assets if substantially more than two-thirds of the 8-3/4s are tendered.

Meanwhile, a bondholder committee is reported in process of formation by holders of Colwell Mortgage Trust's 8.2% senior subordinated notes. Colwell has requested holders to approve changes in the bond indenture letting the trust pledge assets to its banks equal to 1.2 times the \$135 million credit provided. Approval must be obtained by Jan. 15, 1977 of the security pledge and a companion proposal to delete certain restrictions on the amount of debt. Colwell says "the advantages of Chapter XI to noteholders...could be substantially impaired or lost through grant of collateral..."

FLATLEY REALTY INVESTORS (Units 2 bid--OTC--FLTLU) FY June 30

Real estate investments: This small equity and mortgage combination trust has made substantial progress in working out of problem investments and now appears poised for a turnaround. Holdings of \$25.2 million are 44% in ownership of deliberately acquired property, 32% in foreclosed property held for investment, 10% foreclosed property held for sale, mainly condominiums, and 12% in mortgage loans. Property is concentrated in Massachusetts, with 91%, and New Hampshire, 5%, allowing management from the Braintree, Mass. base. Only other holdings are 3% in Florida and 0.4% in Tennessee. Investments are 47% in shopping centers, 35% apartments, 11% condominiums, 3% a mobile home park, 3% warehouses, and 0.4% in a manufacturing plant.

Flatley began operations in May 1972 when Thomas J. Flatley, Boston area developer, exchanged two apartment complexes and land beneath a third apartment for 160,000 units (a share and warrant) at the same time the remaining 840,000 shares were sold publicly. The trust then purchased additional properties and made additional mortgage loans to build a balanced portfolio.

By the end of the June 1976 fiscal year the trust had foreclosed \$10.7 million of these mortgage loans, acquiring three condominium projects in Massachusetts, a mobile home park at Port Charlotte, Fla., and other apartments and a shopping center in Bridgewater, Mass. Three condominium projects in Falmouth, Dedham and Melrose, Mass. were acquired and the 151 units marketed; at year-end 86 units remained unsold but condo sales accelerated in late summer and most condos were liquidated by mid-September. During fiscal 1976 the trust sold a 240-unit apartment in Louisville, Ky. acquired in 1974 to protect a \$600,000 second mortgage; the trust lost \$705,000 on the sale after deciding that changing neighborhood character no longer justified retention. A refinancing is going forward on 432-unit Madrid Square luxury apartments in Brockton, Mass., acquired in February 1975; units were completed and are over 80% rented. Flatley wrote down its carrying value by \$200,000 to \$6.1 million in the year. At year-end two mortgage loans totaling \$976,000 are in foreclosure; they are secured by a first mortgage on a 38,000 sf shopping center in Westwood, Mass. and a \$225,000 second mortgage on 100 garden apartments in Randolph, Mass. In total 47% of investments are not earning income (4%) or foreclosed (43%).

Loss reserve: Management has set aside \$350,000 as provision for possible future investment losses, equal to 1.4% of total investments and 2.5% of foreclosed property and mortgage loans. Flatley is one of the first trusts to report significant reversals even after absorbing \$1,155,000 in losses and write-downs during fiscal 1976. The trust provided \$1.7 million in the first three quarters of fiscal 1976 but after making the year-end losses and write-downs, was able to reverse a net \$845,000 in the June quarter which permitted the trust to report 77¢/share income for this quarter. Most important, the action bespeaks management's belief that most problems are behind.

Financing: Total debt of \$19.8 million is 3.1 times shareholders' equity, considered relatively low since about 70% of debt is mortgage debt secured by properties. \$5.9 million was outstanding to banks at year-end but was paid down to \$2.15 million at Sept. 17 by applying proceeds from condominium sales. Thus most bank line problems are solved and pending refinancing should put all equity investments on sound long-term financing.

Management: Effective July 1, 1976 the trust ended its contract with Flatley Advisory Corp. and became internally administered.

Outlook and Opinion: By avoiding Florida almost entirely, by avoiding land and development loans, and by limiting the number of condominium loans, Flatley has kept its problems to manageable proportions, even though dollar amounts are a high percentage of total investments. By and large foreclosed properties have proved to be viable, and management is realistic enough to cut and run from an obvious loser like the Louisville apartments. Financing has been conservative and bank lines are nearly paid down. We visualize the next phase of the trust's recovery being one of improving income from equities and paying off banks entirely. We expect profitable operations fairly soon and since REIT status has been maintained, dividend resumption should not be far off. This is a rare situation where the warrants, exercisable at \$10 through May 30, 1977, may have some value, since management likely will keep extending expiration date in hope of bringing in new capital. The units (one share and one warrant) trade at 2 bid, 3 asked and even at the asked price have good recovery potential to the \$6.50 book value. Even though the trust is small, we'd be aggressive buyers. (KDC)

FRASER MORTGAGE INVESTMENTS (8½--OTC-FRASS) FY May 31

Real estate investments: The trust's investments were little changed over the past year and stood at \$48.4 million on Aug. 31. A mortgage lender, mostly short-term, mix was 15% land, 16% construction, 21% completed projects, 6% condominium conversions, 3% office building and 39% long-term mortgages. Of these, 12% was foreclosed. Geographic concentration was 31% Ohio and 25% Florida with most of the rest in neighboring Midwest areas. Investments will shrink from here with nothing left to fund and a number of repayments and workouts scheduled in the next 6-12 months.

Non-earning investments: Although \$8.6 million, 18% of investments, was non-earning on Aug. 31 and up for the year, the troubled segments are probably improved and under better control. The non-earning category is now two-thirds foreclosed. Individual situations are closer to satisfactory workout. The most difficult loan is \$260,000 on an office building in Southfield, Mich. which was viewed as a possible total loss and fully reserved. It now looks like new borrowers will give the trust \$100,000. The biggest problem chunk is \$2.7 million on 2,985 acres in Stuart, Fla. Now foreclosed, the trust is negotiating at prices well over its \$960/acre cost. Just north of Palm Beach off Route 1, this development is encouraging in bearing out management's confidence in having land proving to be saleable at a higher price. Similarly, \$450,000 on land in Naples, Fla. also looks good for recovery. Being nine miles north of Naples on the Gulf where no land is left, interest in the property is at twice the trust's cost for this zoned property. A \$922,000 delinquent nursing home is being paid off. The greatest part of nonaccruing loans are on condos. But 90% of the individual condo units are sold and these loans are close to reverting to earning. Problem apartment projects are a little further off, 1-3 years, but underlying fundamentals appear sound. Occupancies are high in most cases and new managements were brought into a few projects making their outlook better. The trust has loans on three shopping centers with former Grant tenancy but all the Grant space was re-leased leaving it untouched by the Grant situation.

The loss reserve was boosted in the fourth quarter, May, bringing it to \$749,000, 1½% of total investments. This is far below the 11% industry average. Even this amount will probably not be used.

Financing: Fundings are \$53 million of which 32% is capital, all equity, and 68% debt. Debt of \$36 million is all short term, mostly under bank credit lines the largest one calling for ¼% over the prime rate plus 10% of the line plus 10% of usage. Bank relationships are excellent. Additionally, \$8 million is borrowed from others; \$4.5 million on two secured loans averaging 8.5% interest and the rest averaged 8.1%. Sponsor: Fraser Mortgage Co., moderate size Cleveland, Ohio based mortgage banker.

Results & outlook: Earnings returned to more normal levels of \$0.25/share in the August quarter, after \$0.03 loss provision, compared to the \$0.04 deficit in the May (yearend) quarter hampered by a \$0.19 interest reversal and \$0.19 loss provision. Recent earning power should at least be maintained. Non-earning assets should be sufficiently restored within the year to offset paybacks of earning assets. Consequently, dividends will probably at least be maintained around the \$1 annual rate providing a satisfactory 11.8% yield. Longer term, direction will likely change toward equity. In view of management's record of careful, sound loan making; it could prove reasonably successful. At 48% below book value, the shares are a worthwhile speculation for moderate appreciation on this count while providing current income. (BS)